



# **Omni-channel Luxury Retailing: exploring luxury consumers channel practices**

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# Abstract

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Faced with the growingly complexity of channel crossing in current retail environments and consumer behavior, the luxury industry, known for its special marketing guidelines, has been trying to reconcile with its previous online friction, allocating more and more resources to digital programs. However, while academic research on cross channel practices is rather abundant, scholarly knowledge intersecting omni-channel integration and luxury shopping experience is particularly scarce, revealing a gap that this study attempts to address. Thus, stemming from the concept of *omnichannel intensity* introduced by Lazaris et al. (2014), this study pursues further knowledge about luxury consumers' relationships with digital channels by surveying eligible individuals worldwide on the basis of their omni-channel practices' frequency, comparing such results with those of "non-luxury" consumers.

After four hypotheses are laid out, results offer support for existing propositions about a positive relationship between omni-channel practices and purchase intensity, online purchase after physical research and physical purchase after online research from luxury consumers. As for internet usage frequency, it was concluded that, while some environments reveal no significant difference, luxury omni-shoppers tend to resort to internet usage most frequently while at the same time, luxury consumers seem to be more prone to being more engaged in digital channels. Though these findings might help luxury brand marketing managers allocate strategies in a more efficient manner, omni-channel practices are still a growing topic which congregates a multitude of different components not just within a company but also from a consumer's point of view, which might warrant for the former to be investigated individually further on.

**Keywords:** **Luxury Brand management, Omni-channel, Luxury Retail, E-commerce**

They say even though a study like this might carry just one single name, its completion and success is only possible with a handful of people that help, support and encourage the best performance along the way.

That couldn't be any more true.

After my family, for accepting my prolonged phases of scholarly absence and helping in everything they could, I thank my friends for regularly enticing me with new ideas and challenges.

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# 1. Introduction

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The diffusion of technological developments and possibilities adjacent to the Internet have certainly altered consumers' expectations facing a retail experience. Today, they are looking for the benefits of physical stores and digital contexts all in a combined, frictionless shopping experience across channels. In fact, in the wake of omni-channel scenarios, finding the limit to a pure offline or online sale is growingly hazardous (Rigby, 2011; Trenz, 2015; Verhoef et al., 2015) from both a customer's or retailer's perspective.

Indeed, research shows the simultaneous interplay between channels has become the norm rather than the exception with ever demanding and discerning consumers expecting consistent, contextual brand experience (e.g. Brynjolfsson, Hu, and Rahman, 2013; McKinsey & Co, 2015; Nunes and Cespedes, 2003; Piotrowicz and Cuthbertson, 2014; Verhoef, Kannan and Inman, 2015). Therefore, the retail customer experience delivery continually grows in complexity warranting firms to consistently perform among disparate touchpoints (Pantano and Viassone, 2015). For instance, a consumer's experience can start with an ad on Instagram, going on to a physical store visit while checking the inventory on his/her smartphone, trying on a garment, checking social media reviews, finding his size is out of stock and hence finalizing a purchase with home-delivery on the store's digital *kyosk*.

In such a context, channel integration is claiming a redesign of the entire value-chain focusing on a experiential customer-centric view from logistics to CRM to product co-creation (Ishfaq et al., 2016) across sectors.

Conversely, although recent years represent a clear shift from the initial reluctance, the luxury market has been generally slow at adopting a receptive attitude towards internet integration as a tool for attracting customers and delivering the superior experience it is associated with (Kim and Ko, 2010), even though both commercial and academic studies have long been suggesting its potential (Geerts and Veg-Sala, 2011; Okonkwo, 2009). Research has profusely documented this hesitation (Okonkwo, 2009) finding its justification may lie in luxury's peculiar marketing guidelines and intricacies seemingly opposed to general marketing conducts.

Yet, decreasing sales in traditional markets and increased generalized competition recently coerced firms to integrate digital strategies. Brands like Burberry, Gucci or Louis Vuitton have made notorious steps in digital and cross-channel integration, however scholarly research directed at luxury brands' digital strategies or at the crossing of these two subjects [luxury and cross-channel integration] is virtually non-existent rendering a remarkable gap between practice and academia (Larraufie and Kourdoughli, 2014) still unfulfilled.

Provided such inconsistency, the purpose of this dissertation is to research and present a framework toward luxury omni-channel retail strategies based on luxury shoppers' perceptions of channel-integration.

Specifically, this dissertation aims at helping answer the question of how do luxury consumers experience channel integration compared to consumers who don't navigate in those type of environments or purchasing habits.

From the standpoint of an academic gap, in order to achieve a study of meaningful results, this project resorts to an analysis of quantitative data from an online survey conducted worldwide to luxury consumers from June to August 2017.

Such conclusions are paramount in understanding today's luxury shopper demands toward the intersecting of offline and online luxury retail contexts and are likely to make direct contributions to a better tailored marketing strategy for luxury managers. Similarly, on a matter of growing importance, while focused on luxury's consensual features, this experiment might help answer to what extent should luxury retailers seek channel integration in the future.

## 2. Theoretical Framework

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This section lays out the foundational literature review and concepts of the present investigation.

### 2.1 Luxury and Digitalization

First, we contemplate a brief contextualization of luxury's history and sociology, paramount to understand how it has come to mean what it does today. Afterwards, we try to assess a luxury definition by reviewing its key elements and consumer dynamics. Finally, a reflection on luxury's sector recent expansion is provided, concerning its main critical issues from a marketing perspective.

#### 2.1.1 Luxury's Origins

Overcoming the threshold of subsistence, surplus resources have been continually used to produce items disconnected from functional utility throughout various types of tribes and societies (Sicard, 2013). Indeed, even though we are used to an european familiarity to luxury goods, a more accurate view would show us that any society with high-quality craftsmanship and/or artisanal productions across history were the first step for the development of the luxury brands we know today, regardless of geographic settings. Results of these productions would typically be specific to leading groups in organized societies, reinforcing luxury's strong link with socialization (Kapferer and Bastien, 2009a).

Indeed, from ancient civilizations like Greece, Rome, Egypt, China or Japan to european monarchic settings (Han, Nunes and Drèze, 2010; Kapferer and Bastien, 2009a; Sicard, 2013), sumptuary laws dictating both the consumption and display obligations toward those items were relatively abundant. While it might be argued that these laws were part of economic protectionism programs, it seems their primary purpose was to ensure luxury goods served the function of maintaining the appearances of the established social hierarchies, informing individuals on how to *look like* their category and even stigmatizing others. In the medieval age, for instance, the nobility didn't have a choice but to spend, it was an obligation even to the least well off so as to distance itself from other groups (Kapferer and Bastien, 2009a; Poldony, 2008; Sicard, 2013). Any attempt of subverting this protocol would have been seen as an undermining of royal and divine instruction. Accordingly, luxury acted as a social marker, and its origins are intricately connected to the notion of an aristocratic elite which *owned* its rank. Old regime society strived for an ostentatious living and consumption in the sense of reinforcing by appearance and behavior one's place in the social order.

Later, due to the wake of enlightenment movements and, with it, the notion of meritocratic systems, the narrative promoted each individual as responsible for their own destiny — and consequently, their rank in society. Generally, the democratization and the rise in living standards since the 18th century, began to make luxury available to a lot more individuals as the foundational ideas sustaining social classes began to crumble.

This might lead us to think why, then, does luxury still serve its social marker function so blatantly and consistently to this day? Indeed, meritocracy certainly substituted aristocracy, but it is arguable if man's need for social stratification was in some substantial way disturbed by these occurrences.

With the maturing of industrial manufacture and communication exchanges, luxury still represented class-superiority but growingly a superiority owed to financial success (Sicard, 2013) which meant luxury was now not an inherited world but one that could be bought by individuals, forging a strong bourgeois connection.

Just as Bataille (Bataille and Hurley, 1991) proposed, the ability to sacrifice productive resources to acquire non-productive items near these luxurious suppliers represented an individual's claimed success, position and social identity. This was also the time when luxury lost its fundamentally negative connotations among lower classes and made progress in social legitimization, representing comfort beyond necessity (Foulkes, 2016) as a correlation between wealth and ability was being tightened (Han, Nunes and Drèze, 2011).

Indeed, if once artisans were summoned to the noble residences, at this point they were establishing their stores, doing advertising, with customers running to their doors (Sicard, 2013). This role reversal supports the notion that the supplier becomes the *king* (Sicard, 2013), a concept very close to many luxurious brands' strategies today which idealize their creative director or head-designer.

While it would be untruthful to claim luxury to be an European phenomenon, it can be argued that European court society paved the way significantly as did capitalism and the industrial revolution to the commercial luxury we observe today (Sicard, 2013).

Luxury itself survived the formal death of a stratified society and became its driver and enhancer. This is why Kapferer and Bastien (2009a) claim luxury's DNA to be the symbolic desire to belong to a superior class. Indeed, luxury appears to act as a demographic social signifier, preventing societies from imitative disorder and indifferentiation (Kapferer and Bastien, 2009a).

With the right conditions for production, distribution and consumption combined in a specific moment in time (Sicard, 2013) the 19th and 20th centuries fostered the emergence of multiple luxury brands across Europe which would later seduce the entire world while building their own marketing guidelines. So, for centuries, it seems luxury's role remained unchanged, even though democratization and meritocratic orientation certainly granted access to individuals based on their personal goals and resources (Okonkwo, 2009) while also allowing a steady market growth for these brands.

## **2.1.2 The Relativity of the Luxury Concept**

Interestingly, in spite of these brands being so clearly kept inside our cultural imagery for so long, scholarly consensus on the definition of luxury is non-existent which can be owed to its intricate subjective nature as a concept. A term frequently and growingly used to refer to above standard products or services in a general sense, luxury has become quite slippery to define (Wiedmann, Hennigs and Siebels, 2007). While some point to luxury as something that is more than necessary (Bearden and Etzel 1982), others go on to characterize it as



non-necessity and superfluity (De Barnier et al. 2006) which simultaneously evokes concepts such as availability or exclusivity of resources (Heine, 2012) but also of pointlessness.

As mentioned by Sicard (2013), a study commissioned by the Ministry of French Industry and the Colbert Committee, an association of 81 french luxury brands and founded in 1954, concluded that *any attempt at substantially defining luxury products or the luxury industry no doubt captures characteristics of these products or industry, but is ineffective at precisely defining their boundaries.*

Indeed, rooted in the lack of an unambiguous definition, it is fairly easy to come across different interpretations of luxury which may prove to be harmful to scientific dialogue (Heine, 2012) since research has suggested the existence of different types of luxury. To further confusion a common rationale, it has become frequent to read about brands claiming their luxuriousness, new-luxury, hyper-luxury, true-luxury, ultra-premium or masstige appeal (Kapferer & Bastien, 2009a, 2009b; Heine, 2012). However, a nuanced characterization by academia reveals the dominance of a symbolic meaning in luxury semiotics whereas premium brands (e.g. Coach, Godiva, Starbucks or Victoria's Secret) (Silverstein and Fiske, 2003) incorporate a far more functional approach (Heine, 2012). Regardless, these brands still operate in higher than *middle-market* dimension, where masstige players like Zara or Uterque, which put effort in providing clear symbolic extras to the masses, are forced to slash on other major aspects (Heine, 2012).

For decades researchers have been agreeing on the lack of a clear definition of luxury products and brands (Geerts and Veg-Sala, 2011; Heine, 2012; Wiedmann et al., 2007). This is understandable when considering it has been built on principles inherited by well defined social classes of past societies looking to express distance from others, something not openly socially acceptable as of today, which makes it both a fluid philosophy and a multidimensional management discipline different from other types of sectors (Okonkwo, 2009).

Authors go on to argue that despite those systems having been formally removed, indirect social stratification prevails and humans' willingness to be distinct, recognized and admired in society constitutes luxury's core principle even today (Atwal and Williams, 2009; Okonkwo, 2009; Kapferer and Bastien, 2009a; Sicard, 2013). For example, Grossman and Shapiro (1988) defined luxury goods as those whose brand display immediately conveys prestige to the owner beyond functional attributes, stemming from Veblen's (1899) statement that wealth only infers status when wastefully displayed — a phenomenon of central scientific importance he coined *conspicuous consumption*.

Vigneron and Johnson (1999) suggest luxury to be highest level of prestigious brands that includes various physical and psychological values. These (prestigious) intricacies ensure luxury's particular features remain subjective and emotional while also pointing to exceptional challenges in its management.

Nonetheless, some attributes seem reasonably consistent across studies: like rarity, historical charge, quality, hedonism, creativity, symbolism, beauty, price. Interestingly, none of these attributes in isolation would be able to sufficiently assess a luxury concept — Heine (2012) is particularly acute about luxury's definitions' abstractness. Certainly, it's hardly deviating that luxury involves products, services and prices of high standard, something that is more than necessary (Bearden and Etzel, 1982). That concept has come to mean a high price-quality correlation, usually sustained by high-priced goods or services. However, scholars tend to agree

that while price seems to be a necessity for such a strategy, is it not sufficient a factor to achieve a luxurious status (Dubois and Czellar, 2002; Nueno and Quelch, 1998). Even though presently people tend to spend most of their income on more-than-necessary goods, there's no apparent indication that these goods are considered luxury (Heine, 2012).

Nueno and Quelch (1998) state that clear benefits are needed to justify the high cost, evoking a set of entailed characteristics related to the delivery of premium quality, heritage of craftsmanship, recognizable style and design, exclusivity, emotional appeal, global brand reputation, country of origin, elements of uniqueness and even personality and/or values of the creator. As mentioned, a combination of some of these features seems fairly consistent across researchers' attempts at assessing a definition (Godey et al., 2013; Larraufie and Kourdoughli, 2014). Additionally, building from studies by Phau and Prendergast (2000), Vigneron and Johnson (2004) brought forth five different factors potentially influencing consumers' luxury perceptions: perceived conspicuousness, perceived quality, perceived uniqueness, perceived extended self and perceived hedonism.

Danziger (2005) asserts that ultimately luxury does not reside in the product, but rather in the consumer's experience of it, which is consistent with Kapferer and Gilles' findings (2016). Conducting a worldwide survey asking consumers where they believe lies the price frontier of luxury, these researchers found extremely divergent answers: they concluded *luxury is in the eye of the consumer*. Accordingly, Heine (2012) asserts that luxury is a definition both intimately related to a society's stage of development and an individual's personal life and specifically his/hers available financial resources. In fact, he defines that relativity based on five categories: regional, temporal, economic, cultural and situational contexts.

Ultimately, since it is a matter of combining objective attributes with subjective images in the consumer's imagery (Larraufie and Kourdoughli, 2014; Vigneron and Johnson, 2004) we might have as many luxury representations as individuals (Phau and Prendergast, 2000; Sicard, 2013): *while a Volkswagen Polo could be seen as a luxury car to a student, a Mercedes S-Class might be just an ordinary car to a wealthy heir* (Heine, 2012 p.9).

However, while having a luxury representation by so many individuals might be important for the sake of luxury's survival as a symbol (Solomon, 1983), it does not imply everyone has the resources to acquire or access luxurious items. Notwithstanding, if unknown to the masses, luxury brands would lose their dissociative trait, which confirms the foundational role of the communication challenge in luxury brands' strategies, pressing the combination of selectivity and diffusion, rarity and enlargement, elitism and increased awareness (Geerts and Veg-Sala, 2011). This seems to be why these brands have a tendency to develop aspirational advertising instead of functional appeal (Han, Nunes & Drèze, 2011) to solidify *the dream*. Indeed, Okonkwo (2009) claims that luxury comprises elements that speak more to emotion than to reason and so trying to reach consumers' changing perceptions towards luxury brands' experience is a fundamental aspect when defining strategic moves.

### **2.1.3 Luxury Consumption, Expansion and Digitalization**

If on the one hand, for centuries, luxurious items have been attributed to the *happy few*, on the other, the sector has been experiencing consistent growth since the 1980's (McKinsey and Co., 2011), with 2016 reaching €1.08 trillion in revenue (Bain and Co., 2016b), the leading segments being cars, personal luxury goods and luxury hospitality (Bain and Co., 2015) accounting for roughly 80% of the total market.

This occurrence, which is sustained by the growing acceptance and consumption of luxury by the middle class, bares a paradox central to this subject: how can a luxury brand increase its international penetration rates and still not deviate its status as a symbol of exclusivity, privilege and lifestyle (Atwalk and Williams, 2009; Kapferer, 2012, 2014; Kapferer and Gilles, 2016).

As we have discussed, and also in line with Impression Management theory (Leary, 1995; Schlenker, 2005) luxury brands are normally superior in providing subjective intangible social attributes to its clients (Vigneron & Johnson, 1999) which they use interpersonally to develop a favourable social image (Sallot, 2002). In addition, as new countries mature in meritocracy and social categorization, it seems more people need clear hierarchies if not to differentiate themselves then to avoid being seen as below others (Kapferer, 2014). In fact, Wiedmann, Hennigs and Siebels (2007) claim that luxury consumption *involves consuming a product that is representative of value to both the individual and their reference group*.

Like so, luxury items are sought after due to their symbolic meaning and sensorial criteria beyond their functional characteristics, granted such symbolic attributes can only be triggered when they are publicly visible (Dubois & Paternault, 1995). Moreover, one can argue that that power is tightly connected with the notion of rarity, evoked as one of the expected features of luxury brands (Phau and Prendergast, 2000) and also shown to have a positive correlation with consumers' preference and desire (Wiedmann, Hennigs and Siebels, 2007).

In such a context, Kapferer (2012) tries to reconcile theory with practice by justifying such a worldwide successful expansion with the concept of *abundant rarity* — as opposed to objective rarity — a kind of rarity artificially induced into the products or experiences to substitute objective factors that could elementally dictate its value. In other words, he explains, rarity of craftsmanship substituted by qualitative rarity.

To this concept, Kapferer (2014) associates that of *artification*, via which brands associate themselves with art products taking advantage of its innate timeless attributes and so keeping a dim relationship with functional value, rational and commercial comparisons. With products perceived as artistic artifacts, an increase in sales wouldn't entail any loss in brand image, because the product was not commercial but artistic in essence.

Therefore, art infusion seems to have a favourable result in product perceptions, enhancing brand extensibility and expansion into new categories of business, which earlier could be merely limited to historical expertise, for example (Hagtvedt and Patrick, 2008) and hence boosting symbolic authority (Kapferer, 2014).

For a sector historically criticized for waste of resources acting as a bare sign of inequality in distribution of wealth, for example, art is of help lending not only aesthetic support but a non-commercial aura which paradoxically corroborates its high prices. Moreover, it can be argued that conspicuous consumption (Veblen, 1899) would estrange the creative elite and taste-makers, like so, the process of artification may foster other types of humanistic motivations in luxury consumers' minds and even *enoble* the financial resources spent (Han et al., 2010; Kapferer, 2014) while allowing a healthy development of different consumer segments beyond the traditional *have's* and *have not's* (Veblen, 1899) into a more complex multitude. For instance, individuals with

low income may occasionally splurge in a luxury item seen carried by their favorite celebrity or looking to resemble the typical brand user (Dubois and Laurent, 1995; Escalas and Bettman, 2005; Leibenstein, 1950), while the creative elite or snobs will be willing to pay more for *connoisseur-type* goods and hence avoiding those associations (Amaldoss and Jain, 2005; Han et al., 2010). These occurrences account for individual differences in consumption-related pursuit of status (Eastman et al., 1999; Solomon, 1983) deriving from symbolic Interactionism theory which argues that consumers employ product symbolism to define social reality and behavioral patterns. Besides managing perceptions of rarity and scarcity, both upward or downward brand extensions usually convey a direct contribution to this phenomenon of continually maintaining distance between segments, although studies have consistently shown social motives are not sufficient to explain luxury consumption (Wong and Ahuvia, 1998; Vigneron and Johnson, 1999, 2004; Wiedmann et al., 2007). Considering such criteria, the value perception of luxury items is ultimately subjective combining both personal and interpersonal constructs (Wiedmann et al., 2007) growingly associated with indulgence and experiential involvement (Ansarin & Ozuem, 2015) on a worldwide scale, for like Sicard (2013) postulates what is more difficult to acquire than that which could not be bought: culture, language or even a way of thinking?

## 2.1.4 Luxury's Digital Challenges

Interestingly, previous studies have argued marketing for luxury products is fundamentally different from that of many other industries (Atwal and Williams, 2009; Dubois and Duquesne, 1993; Kapferer and Bastien, 2009a, 2009b; Larrauffie and Kourdoughli, 2014; Nueno and Quelch, 1998; Ozuem and Tan, 2014) with that being one of the main aspects underpinning this dissertation.

Due to its core characteristics, over time researchers have called these guidelines *the codes of luxury* (Larrauffie and Kourdoughli, 2014), *paradoxes of the luxury marketing* (Dubois, 1992), *anti-laws of marketing* (Kapferer and Bastien, 2009a, 2009b), underlining the goal of steering the quest for quality, exclusivity and rarity while promoting the brand's non-comparability feature..

For example, Kapferer and Bastien (2009a) have formulated a Luxury Business Model framework dictating procedural instructions for brands' strategies. Accordingly, brands shouldn't delocalize production, mention prices on their advertising nor exclude non-targets from their communication, etc. More, supply should always be below demand while the distribution goal should not be to be more accessible but to pinpoint suitable locations for their adjacent symbolism.

Yet, communication is usually stressed as the paramount aspect of luxury brands, hosting their most difficult paradox: while they need to generate awareness in a bold manner, they are also expected to stay discreet and selective (Bechtold, 1991, Geerts and Veg-Sala, 2011; Kapferer and Bastien, 2009a).

Today, as part of multinational conglomerates like LVMH and Kering, this challenge becomes urgently capital as demand bulks in developing economies like the BRIC and internet takes over consumers attention.

Indeed, now that consumers are enjoying the luxurious consumption more than ever before, not only because of the continuous increment of discretionary expenditure but also as a result of brands' dedication to developing economies' markets (Bain and Co., 2015, Chevalier and Mazzalovo, 2008), it is necessary to reflect on the challenges posed by commercial growth in a digital age of multiplying channel possibilities. In such a globalized complex world, where once luxury was limited to the *happy few*, today it is growingly commonplace, representing a trans-national culture encompassing tangible and intangible signs worldwide both physically and digitally. Hence, one can wonder if such signs face the risk of banalization on the long-run harming brand equity. In fact, it is challenging to question how will brands drive sales, with which channels, and simultaneously retain their core values of tradition and exclusive delivery in a globalized marketplace with pressing digital-accessibility (Ansarin et al., 2015). Unquestionably, such a change warrants a need for more robust segmentation schemes and strategic insights facing internet presence which academia still hasn't fully covered.

Indeed, since luxury items are in essence experiential (Okonkwo, 2009), the idea that such goods could be sold online has long been deeply debated and the adherence of luxury brands to the internet was rather slow (Ansarin et al.; Kapferer and Bastien, 2009a; Muller, Kocher, and Ivens, 2007; Ozuem and Tan, 2014; Seringhaus, 2005) even though research has been showing e-commerce to be a fruitful opportunity for luxury groups, besides a good communication instrument (Geerts and Veg-Sala, 2011).

Moreover, the idea that the internet offered mass-oriented communications or the misconception claiming discount-oriented-only customer bases instead of the traditional selective approaches like specialized magazines and events, or that luxury shoppers wouldn't want to conduct purchases online certainly contributed to the process (Larrafie and Kourdoughli, 2014; Okonkwo, 2009). Like so, for long most luxury companies decided to utilize internet as a mere, and somewhat shy, communication channel. For instance, just as of 2016, Prada and Chanel have decided to join the e-commerce bandwagon (Santiago, 2016; Foley, 2015), after Net-a-Porter or Yoox were launched in 2000 and 2006, respectively.

As Okonkwo (2009) postulates, internet is a capital challenge as it seems opposite to most luxury's peculiar characteristics while also increasingly representing a major market opportunity: how could luxury bypass internet's core global reach, ubiquitous pull strategies, lack of physical service and human contact, low consumers' switching costs, product variety, accessibility, convenience and homogenous information and comparability? From such a description, and in a classless digital environment, it would seem a complete shift in segmentation. Certainly, digital technology brought management distress to luxury companies (Okonkwo, 2009) and publications have regarded this as a luxury dilemma. However, the subject remains greatly unexplored by scholars, giving rise to a remarkable gap between what has become common practice and literature since the aforementioned digital attributes were proven its marketing potential near consumers regardless of brand positionings or categories. As of today, brands have no other choice but to follow their consumer's needs and expectations and that meant going online (Geerts & Veg-Sala, 2011; Okonkwo, 2010) while solidly sending the same consistent message across all touchpoints (Aaker, 1996).

Accordingly, worldwide luxury electronic commerce penetration rates suggest a promising setting, having grown *steadily reaching circa 7 percent in 2015*, up from circa 6 percent the year before (Contact Lab & Exane

BNP Paribas, 2016) representing 6 percent of global luxury personal goods sales, and outperforming the total global market rates (McKinsey & Co, 2015). Specifically, 2014 saw €14 billion transacted online, a 50 percent increase from the previous year.

Contrary to what seemed to be the conventional wisdom among luxury executives, this reinforces consumers are increasingly comfortable with shopping using the digital channel, which facilitates expansion particularly to hinterland low-tiered cities and to consumers intimidated by store's opulence (Seringhaus, 2005).

Similarly, studies suggest luxury shoppers are above-average digitally-enabled consumers owning at least one smartphone, a 95 percent rate of ownership contrasting with the 60 percent of general population (McKinsey and Co, 2015). More, research also shows differences in time-spent online among generational profiles between Generation Y and Baby Boomers, for instance, are generally irrelevant (McKinsey & Co, 2015) with both claiming readiness for omni-channel interactions — 75% of baby boomers and older vs. 86% of millennials (BCG, 2016).

Successful platforms like Farfetch or Yoox Net-a-Porter corroborate this trend and have to their advantage the fact that they didn't inherit a long-established corporate structure (Okonkwo, 2010). Generally, a McKinsey and Co. study (2014) expects online luxury sales to rise to approximately €20 billion until 2020.

Notwithstanding, as studies claim consumers are increasingly looking for seamless interactions with multiple types of channels both online and offline, brands should take a digital approach regarding its potential past mere electronic sales. In fact, as frontiers between offline and online start to blur not only in screens but in consumers' minds (Brynjolfsson & Rahman, 2013), setting that line is expected to be growingly hazardous and maybe counter-productive.

Based on that, a complete appraisal of digital and its impact on consumer behavior should consider the totality of offline-online interactions (e.g. *webrooming*, transaction history, social media behavior, complaints, personal information, etc.) and combining it toward optimization and exceptional luxury shopping experience. Along these lines, research has shown that, even if conducted in-store, 68 percent of luxury purchases are influenced by what consumers experience online (McKinsey & Co, 2015) but this insight also warrants attention to the lower switching costs internet brings to consumers (Okonkwo, 2009) and the *free-riding* phenomenon (Van Baal and Dach, 2005) when shoppers use one retailer's channels services and then finalize a purchase with a competitor. In such a context, Verhoef et al. (2007) suggested internet research followed by store purchase was the most popular form of research shopping while in the same year, Kourouthanassis et al. (2007) found in-store technology positively affected shopping experience within the physical store, corroborated by Kowatsch and Maass (2009) which showed the positive impact of mobile agents in in-store experience. Only by gathering insights delivered from all the touchpoints of the increasingly non-linear customer journey can the overall shopping experience be enhanced and positively influence the purchase decision. It is arguable that by conducting deep researches into these synergies the general luxury shopping experience might at least partially seize its digital dilemma as the whole journey should be enhanced to outperform the sum of its parts (both digital and physical).

On that regard, the impact of social media on the luxury sector has insufficiently been the most studied element of the luxury-digital dyad. Indeed, social media applications have boosted marketing activities in a less costly

way than before for luxury brands representing a promising communication avenue (Kim and Ko, 2010; Phan, Thomas and Heine, 2011) allowing the stimulation of more personal relationships with customers and brand communities. Since its rise, consumers have increasingly been using it as more reliable information source as opposed to traditional media depowering the usual role of marketers and forcing a redesign in the conventional brand-consumer communicational hierarchy and informational asymmetry (Ozuem and Tan, 2014). Notwithstanding, the influence of the word-of-mouth phenomenon has long been credited with remarkable importance by researchers (Katz and Lazarsfeld, 1955; Ozuem and Tan, 2014; Prendergast et al. 2010) and now with such information easily deposited and found in online communities, its impact can only be maximized.

According to Chen (2001) internet marketing practices are threefold: it allows access to information on products and services, which can be combined with consumer databases, and it allows multi-sided communications (supplier-consumer and consumer-consumer). It seems today with Web 2.0 the importance of the latter has been enlarged since it is easier for consumers to find online platforms of shared interest regardless of physical constraints, solidly contributing to a behavioral transformation toward brands.

Interestingly, like luxury itself, the digital realm encompasses both statics and dynamics, personal and impersonal elements (Larraufie and Kourdoughli, 2014) and motivations. Such two-sided strategies might make it easier for luxury groups to gather more information about their targets' profiles, preferences and desires and consequently conquer competitive advantages (Kim and Ko, 2010). However, the debate is fueled by findings by other researchers like Fournier and Avery (2011) suggesting social media is not always a good setting for brands given the imminent loss of control.

Despite the paradox, presently, it is commonly accepted that Louis Vuitton, Burberry or Prada, to name a few, should broadcast their runway shows online allowing everyone to take a virtual seat and enjoy the show. In fact, some brands have actually taken this trend further to make a bold marketing statement, like the case of J.W.Anderson livestreaming his menswear collection via the gay app Grindr in 2016.

Burberry has been the digital leader among its luxurious peers, using applications like SnapChat, Line, WeChat and having had even developed a virtual store for the chinese market on Alibaba group's Tmall with a 24-hour customer-service chat platform (Burkitt and Chu, 2014).

While traditionally luxury brands have been known for their scrupulous control of brand image, it is interesting to verify that social media has also contributed to changes in the generation of content. For instance, for each image brands post, there are on average 10.000 more consumers themselves have posted with brands' hashtag (McKinsey and Co, 2015) which shows a tremendous shift in brand's identity control, theoretically risking loss of prestige the more information is shared online. As brands are essentially co-productions, it seems companies will have to accept some loss of control (de Chernatony, 2001) on this future step.

On this vein, Larraufie (2014) has called for the assessment of a new *e-semiotic system* for luxury brands digital display, asserting that they have been unsuccessful in replicating the luxury physical experience to the digital realm, while Felix et al. (2016) stress the importance of culture for social media marketing opposing *conservatism* and *modernism* along the lines of control toward brand's constructs online promotion. One way or another, it seems a linear, transactional, one-way communication is no longer valid for achieving a positive

brand image unveiling a pressing need to integrate and interact with consumers (Phan, Thomas and Heine, 2011; Quinton, 2013).

It is still somewhat challenging to measure social media's impact on key brand success measures and make it foster lasting brand engagement (Schultz and Peltier, 2013). Although, on that vein, Godey et al. (2016) study concluded luxury social media strategies positively impact brand equity measures, specifically loyalty, preference, and willingness to pay for premium-priced items.

Even though we have seen digital technology in fast evolution and online behavior in transformation, internet's main purpose of expanding communication remains stable (Okonkwo, 2009). Ultimately, as we have discussed, when it comes to decision-making, consumers rely on online information and channels to assert purchase intentions or place purchases themselves. This process immediately dismisses brands without a digital presence or online transactional services. Indeed, a gap between consumers' expectations and brands' offerings is growingly traceable (McKinsey and Co., 2015). Consequently, while concerns regarding rarity, exclusivity and uniqueness are well founded, it seems getting lost behind a strategy capitalizing on interactions between channels means losing an opportunity to better know and engage consumers (Timms, 2016) and drive sales growth with an enhanced brand experience. Hence, it is likely that the luxury concept as a multidimensional dynamic construct will need to redefine itself to integrate digital to its full potential, even if the physical stores remain the paramount part of the relationship with consumers. And this is likely to happen fast.

## **2.2 Omni-channel Practices and Luxury Retail**

In the current section, first, we reflect on the retailing environment evolution from multi to omni-channel. In the following subsection, we analyze the main concepts of omni-channel strategies implementation concerning main challenges, expectations and benefits. We conclude discussing on how luxury retail might develop and capitalize on omni-channel experiences among its customers.

### **2.2.1 From Multi to Omni-channel**

Digital technologies' diffusion opened a vast array of possibilities for retail, particularly in the context of multi and omni-channel settings. Stemming from the fairly well established multi-channel retailing infrastructures, with consumers increasingly and comfortably shopping via various channels and looking for seamless experiences, omni-channel has come to mean the accessibility of multiple, interactive channels in an integrated fashion (Lazaris and Vrechopoulos, 2014; Mirsch, Lehrer and Jung, 2016; Nunes and Céspedes, 2003). Indeed, in such a present digitally-enabled environment, brands are unlikely to question online channel adoption by now (Enders and Jelassi, 2009). The popularity of digital and its growing market encouraged retailers to expand into online channels, whereas now retailers are stressed by understanding the factors entailed in maximizing



synergies and optimizing customer experiences combining all of their existing touchpoints simultaneously (Pantano and Viassone, 2015; Trenz, 2015).

Indeed today, most traditionally brick-and-mortar retailers operate multi-channel strategies, however the omni-channel question can equally be addressed to digital natives who consider physical integration (Avery et al, 2012; Trenz, 2015) provided in consumers' mind the distinction is essentially irrelevant: consumers will tend to favor those retailers that grant access to value faster and reliably (Rowe, 2016) while experiencing overall experience with the brand and not with the channel (Piotrowicz and Cuthbertson, 2014).

Historically, *channel*, is described by Neslin et al. (2006) as a customer contact point or a medium through which the company and the customer interact, whereas *omni-channel* first appeared in Parkers and Hand's (2009) and Ortis and Casoli's (2009) research insights, introducing the omni-channel shopper as the next step of consumers who used channels simultaneously. Indeed, it was a notion very close to that of *click 'n' mortar*, a term attributed to Charles Schwab Corp's conference speech in 1999. Academically the concept is brought by Rigby (2011) who defined it as *an integrated sales experience that melds the advantages of physical stores with the information-rich experience of online shopping*. More recently, Levy, Weitz and Grewal (2013) defined omni-retailing as *a coordinated multichannel offering that provides a seamless experience when using all of the retailer's shopping channels*, while Verhoef, Kannan and Inman (2015) describe omni-channel management as *the synergetic management of the numerous available channels and customer touchpoints, in such a way that the customer experience across channels and the performance over channels is optimized*.

Despite these quite clear definitions, the term is interchangeably used with notions such as cross-channel and multi-channel in academia (see Dholakia et al., 2010; Mirsch et al., 2016; Neslin et al., 2006; Verhoef et al., 2015; Trenz, 2015; Zhang et al., 2010). Such use without proper distinction fosters academic confusion and does not reveal the main principle of omni-channel strategy which is channel integration (Neslin et al., 2006; Mirsch et al., 2016).

**Table 1**

*Multi-channel versus omni-channel management (Verhoef et al., 2015)*

	<b>Multi-channel Management</b>	<b>Omni-channel Management</b>
<b>Channel Focus</b>	Interactive channels only	Interactive and mass-communication channels
<b>Channel Scope</b>	Retail Channels: store, online, website, and direct marketing (catalog)	Retail channels: store, online website, and direct marketing, mobile channels (i.e. smartphones, tablets, apps), social media. Customer touchpoints (incl. mass communication channels TV, Radio, Print, C2C, etc.).
<b>Separation of Channels</b>	Separate channels with no overlap	Integrated channels providing seamless retail experiences.

<b>Brand versus channel customer relationship focus</b>	Customer - Retail channel focus	Customer - Retail channel - Brand focus
<b>Channel Management</b>	Per channel	Cross-channel
<b>Objectives</b>	Channel objectives (i.e. sales per channel; experience per channel)	Cross-channel objectives (i.e. overall retail customer experience, total sales over channels)

As table 1 illustrates, whereas multi-channel structures imply a division between physical and digital settings or touchpoints, the underlying principle of omni-channel concerns that of a consumer being able to freely move between channels and devices in a single transaction process (Lazaris and Vrechopoulos, 2014; Melero, Sese and Verhoef, 2016; Piotrowicz and Cuthbertson, 2014; Verhoef et al., 2015). However, for long, scholar research has empirically studied channel integration issues proposing an omni-channel strategy without the term itself being applied. For instance, Steinfield, Bouwman and Adellar (2002) and Bendoly (2005) find that retailers with both online and physical channels should adopt a seamless and transparent channel integration, which was positively linked to loyalty. Similarly, Kwon and Lennon (2009) point to seamless integration and consistent image management.

Indeed, scholars agree a substantial part of retailers have already made changes toward making multi-channel strategies dominant (Beck and Rygl, 2015; Lewis et al., 2014; Verhoef et al., 2015; Zhang et al., 2010) although most of them were driven not by proper preparation or structure but as a quick response to changing consumer expectations (Mirsch, Lehrer and Jung, 2016; Van Bruggen et. al., 2010). Like so, the decision to add channels has now been broadened to encompass management of customers and the integration of the retail channel-mix (Neslin et al., 2006).

Generally, the majority of research tends to regard omni as an evolution of multi-channel perspectives. On this matter, Beck and Rygl (2015) tried to systematically classify channel-mix diversity by proposing a taxonomy classifying strategies in relation to two dimensions: (1) channel integration triggering (customer vs. retailer) and (2) how many and what channels are considered.

Yet, if on the one hand it would be inaccurate to assert multi-channel retailing as an exclusive contemporary phenomenon (since as early as 1925, Sears became a multi-channel player when it opened its physical store after its catalog's success, for example), on the other, most of these retailers' channel-mixes operated as separate business units (Zhang et al., 2010). Accordingly, it would be beyond dispute to argue that scientific dialogue concerning channel integration has increased mainly driven by online channel impact on companies and customers' behaviors. Indeed, traditionally the co-existence of channels would not generally entice questions of full organizational integration (Verhoef, 2012; Verhoef, Kannan & Inman, 2015) even though past studies such as Burke (2002) and Balasubramanian et al. (2005) discussed how consumers resort to different channels along their purchase journeys according to their variable personal interests and motivations.

Provided that different channels allow for different benefits and constraints either combined or in isolation (Dholakia et al., 2010), research evokes motivations such as price expectations, type of product, switching cost,

risk (Dholakia, Zhao and Dholakia, 2005), efficiency (Johnson, 2008), previous experiences and expertise (Hutchinson and Eisenstein, 2008) and geo-demographic characteristics (Inman, Shankar and Ferraro, 2004) operating separately or in combination along the customer journey and its phases (Lemon and Verhoef, 2016). Additionally, it is arguable what role do emotions, self-efficacy and group affiliations play in channel choice (Dholakia et al., 2010).

Stemming from such plurality of motivations and possibilities, digital has brought us to a context when segmentation might tell us what people buy, but it has become increasingly complicated to register a detailed consumers' shopping journey.

Indeed, Neslin and Shankar (2009) pinpoint three possible visions driving *multi-channel* strategies: efficiency, segmentation and customer satisfaction; the latter propelling customer satisfaction by allowing use of whichever integrated channel. This is in line with scholars who tend to agree that omni-channel retailing is centered on the enhancement of customer's shopping experience crafted around a customer-centric view (Beck and Rygl, 2015; Gupta et al., 2004; Shah et al., 2006; Juaned-Ayensa et al., 2016; Lazaris et al., 2014; Melero et al., 2016; Schoenbachler and Gordon, 2012).

In such a debate, researchers go on to suggest unrestricted customer flow among touchpoints is not only anticipated but endorsed in omni-channel scenarios (Mirsch et al., 2016; Piotrowicz and Cuthbertson, 2014; Verhoef et al., 2015).

Therefore, social media, gaming, VR devices, *kyosks*, etc. are also added to the channel equation, specially more so with the launch of features such as Like2Buy which turn social media feeds into shoppable displays (eMarketer, 2015). This is further sustained from the scholar findings that interaction is not with the channel, but with the brand (Piotrowicz and Cuthbertson, 2014) and that traditional go-to-market strategies will not succeed because consumers will not stay isolated in the conventionally assigned channel (Nunes and Cespedes, 2003) but will juggle them according to their own convenience and time-bound motivations.

Indeed, besides rendering it easier to switch between channels, the mobile diffusion has propelled the normalization of bringing social networks into stores: customer are able to check or submit product ratings, contact people, share their satisfaction or disliking with the store experience while physically in-store. (Piotrowicz and Cuthbertson, 2014). Customers have become both more empowered and demanding in their retail experiences. Piotrowicz and Cuthbertson (2014) go on to argue that the customer has become a medium between the retailer and an ampler social network of potential customers, pressing the need for a stronger one-to-one, personalized experience. Notwithstanding, mobile technologies can be used to offer group, time and space-sensitive individualized marketing efforts and gradually more so since time spent in mobile media is surpassing desktop devices (Chaffey, 2016). This makes omni-channel customer experience a very important and complex research challenge (Marketing Science Institute, 2016) involving, like Verhoef et al. (2009) suggest, cognitive, emotional, behavioral, sensorial and social components combined.

### 2.2.2. Omni-channel Strategies

Customers have become more conscious of their strategic buying patterns and of which channel may serve them better than others for each stage or type of product they're seeking. Factors such as nature of product, perceived risk or the relationship's stage with a given retailer (initial or repeat purchase) interfere with the effort assumed in each phase (Nunes and Cespedes, 2003, Steinfield et al., 2002). As represented by the global poll of consumers by McPartlin and Feigen (2012), 86% shop in multiple channels and wish to use them simultaneously.

Like so, companies are faced with a growing complexity of customer-supplier interactions (Van Bruggen et al., 2010) as consumers roam back and forth between personal recommendations, digital stores, search engine ads, physical environments, social media, at-home returns, call-centers, smart-phone apps, smart-watches, smart-TV equipment, etc. Facing the increasing employment of devices and touchpoints (McKinsey and Co, 2015) researchers claim omni-channel has become the new normal (Brynjolfsson et al., 2013; Verhoef et al., 2015). Such a change simultaneously evokes different business departments and/or disciplines as it essentially entails endeavours like of CRM, Supply Chain Management, IT, Marketing, Finance, Human Resources and even external partners like couriers, for example, combined. As boundaries between these fields will have to blur, so do those separating physical and digital realms (Brynjolfsson et al., 2013; Verhoef et al., 2015) just as digital processes blend with touch-and-feel experiences, facing brands with tremendous channel fragmentation and a loss of control over the customer experience and customer journey (Lemon and Verhoef, 2016). This is particularly well illustrated by a consumer who might travel a physical store while searching for information via his smartphone.

Such a paradigmatic shift accounts for retailers needing to rapidly adjust in order to develop competitive advantages. For instance, this type of integration implies channel and touchpoints being managed together and not as separated units, avoiding silo-structured organizations. A basic example is that of a consumer buying online and picking-up in store and vice-versa, but the aspect of data and context across the entire journey should be also visible in circumstances like filing a complaint. As pointed by Schaeffer (2013) a customer complaint may *start with an email to the store manager, then becomes a question on the retailer's website chat function, then goes to a phone call to the billing department, then becomes a rant on Twitter, and then escalates to the Call Center*. The ability to merge this data together and assign it to a specific customer in the CRM set of apps is likely to not only achieve higher satisfaction rates in resolutions but also decrease cost-per-customer contacts.

Alternatively, individual channel-based decision-making is likely to provide disparate communications (Trenz, 2015), brand building, experience and supply chain management among touchpoints (Piotrowicz and Cuthbertson, 2014) which may be desirable if the firm is aiming at a segment-based channel strategy however it arguably harms overall customer-satisfaction.

Zhang et al. (2010) stress that due to operational challenges, many retailers may consider outsourcing channel management, yet this would only further reduce chances of positive channel synergies. Notwithstanding, as mentioned before, what retailers might lose in customer journey control, they might gain in customer data and satisfaction when combining structures. Since opportunities for data collection arise from the growing use and

diffusion of mobile and social channels, retailers should integrate it among channels and develop capacities to turn it into valuable insights that personalize and enhance overall customer experience (Brynjolfsson et al., 2014; Trenz, 2015). This is accordant with studies revealing that consumers expect consistent brand experience across channels (Bain and Company, 2014; IBM, 2014; McKinsey and Co, 2015; Piotrowicz and Cuthbertson, 2014) and would end their relationship with a retailer if not given personalized content (IBM, 2014). Accordingly, both academic and non-academic researches suggest that consumers employing multiple channels know more about a purchase than the sales staff while also spending in average more 50 percent than single-channel customers (McKinsey and Co., 2015; Wallace et al, 2004; Rippé et al., 2015).

However, interestingly, brand loyalty seems to be dying as a relevant measure, since studies suggest long-term relationships don't exactly entail a more profitable pattern anymore (Reinartz and Kumar, 2000; Shah, Kumar and Kim, 2014) whereas the regularity of *free-riding* keeps increasing as does the perception of lower switching costs. Additionally, showrooming once considered a capital threat to brick-and-mortar retailers has been proven to fall behind webrooming which acts as a reverse dynamic and as the most popular form of research shopping (Verhoef, Neslin and Vroomen, 2007) corroborated by Pauwels et al.'s findings (2011) that digital information is likely to raise in-store sales. Verhoef, Neslin and Vroomen (2007) pinpoint attribute-based decision making, cross-channel synergies and lack of channel lock-in as the three drivers of research shopping.

Neslin and Shankar (2009) stress a need for further investigation so as to verify whether this is a long-term trend based on attribute differences between channels or merely due to the early stages of electronic commerce. Similarly, they advise extended analysis with regard to *right-channeling*, by which customers may be encouraged to use specific channels. For instance, dependent on its particular *multi-channel segmentation*, a retailer may be interested in providing a customer access to a lower cost or exclusive channel after an in-store purchase (Neslin and Shankar, 2009). Indeed, a firm may even be interested in different pricing approaches to the same item according to specific channels.

Overall, customers seem to be looking for a trustable, digitally-enabled, contextual and personalized view of their preferences and history which comprises omni-channel structures main challenge. This is what Mohapatra (2014) calls a 360° view of the individual consumers' behaviors and preferences. In order to fulfil such expectations, retailers will have to combine web browsing, sales transactions, in-store tracking, social data, data at rest and data in motion and turn it into relevant approaches (Brynjolfsson et al., 2013; Mohapatra, 2014; Rigby, 2011) able to deliver advantages of digital and physical experiences simultaneously.

While concerns for cross-channel *cannibalization* have been raised, with Zhang et al. (2010) suggesting investigating with which type of retailers and under what conditions might it take place, it seems operating multiple channels tends to have a positive effect on financial performance (e.g. Bendoly, 2005; Cao and Li, 2015; Contact Lab and Exane BNP Paribas, 2016; Geyskens et al., 2002; Kwon and Lennon, 2009; Schramm-Klein et al., 2011; Shankar et al., 2011; Zhang et al. 2010). Zhang et al. (2010) have systematized these sources of improvement on (1) low-cost access to new markets, (2) increased customer satisfaction and loyalty, and (3) creation of a strategic advantage, suggesting multi-channel customers have a higher lifetime value (Neslin and Shankar, 2009) which is in accordance the conclusions of Goersch (2002) stating that a well

put together omni-channel strategy delivers an increased awareness, trust, control, support and personalisation overall experience. Academic research greatly agrees that consumers who operate multiple channels are more profitable than the single-channel ones (Neslin and Shankar, 2009) with Kushwaha and Shankar (2008) asserting they spend more than double on average when given a larger number of touchpoints to interact with. Importantly, data integration seems to be persistently correlated with all these benefits since it allows for a better knowledge of consumers' tastes and behavioral patterns (Brynjolfsson et al., 2014; Mirsch, Lehrer and Jung, 2016; Trenz, 2015) and consequently for an adaptable relationship. However, it can be assumed customer's availability to allow firms to collect their data will greatly differ. As Piotrowicz and Cuthbertson (2014) state that privacy perception is likely to change over time, with a younger generation more open to share personal information in exchange for better deals and a group of reluctant consumers excluded from the start. Regardless, database enhancement — with the right analysis — will doubtlessly be a source of differentiation.

A great number of studies has tried to grasp the drivers of online channels usage by diagnosing a set of variables that would help explain how customers behave differently according to the presence of certain channels.

Indeed, if on the one hand, Verhoef and Donkers (2005) and Dholakia et al. (2005) have concluded customers have different purchasing behaviors in relation to the channel by which they were acquired, on the other, studies by Keen et al. (2004) concluded a group of customers had a clear preference for a specific channel while others were product-, price-, or experience-driven and consequently prone to switching accordingly.

Additionally, as described by Trenz (2015), beyond *payment options*, *personal contact* and *enjoyment* of transactions (e.g. Chiang et al., 2012; Verhoef et al., 2012) *ease of use*, *purchase effort* and *convenience* may be related to online channel choice (e.g. Chiang et al., 2006; Frambach et al. 2007), whereas *privacy*, *risk* and *security concerns* might work as inhibitors (e.g. Pavlou and Fygenson, 2006). Alongside a tendency for non-sensory attributes to be fully perceived online, as mentioned, is it argued that the type of product can greatly influence the channel mix adopted.

Single research has also shown marketing communication has an effect on channel choice near consumers (Ansari et al., 2008) as well as demographic variables, perceived benefits and costs, social influences, etc. For instance, men (Bendoly et al., 2005) and younger generations (Ansari et al., 2008) seem to tend to prefer online channels, yet it is an idea discredited by Konus, Verhoef and Neslin's study (2008).

Provided such a lack of clear identification of channel choice factors, which is potentially linked to different needs in channel segments, Trenz (2015) stresses the lack of a simple classification of multiple channel shoppers profiles.

As Ishfaq et al. (2016) suggest, retailers are meeting a substantial shift from logistics-cost optimization to customer-value creation in order to promote sales. Yet, expanding the possibilities for customer-store interactions certainly demands improving traditional supply chain flow. As the authors point out, since customers aren't limited to what's on the store shelf anymore, relationships with vendors and carriers will likely need to change as they become foremost proxies of brands' values and commitments in congruent service delivery.

Apart from supply chain, IT infrastructures also play an instrumental role in addressing omni-channel integration as a sustainer for all the aforementioned interactions. Indeed, earlier as 2006, Neslin et al. addressed channel categorization stating its five main challenges: data integration across channels, interpreting customer behavior, evaluation, resource allocation and channel strategy coordination, whereas Zhang et al. (2010) mentioned organizational structure, data integration, consumers analytics, and performance metrics.

The evaluation (or performance metrics) of channels and consequently their justification and resource allocation seems of capital importance (Mirsch, Lehrer and Jung, 2016; Neslin, 2006) since an individual channel may not be profitable on its own but cross-functionally might be determinant in enhancing an ever-complex customer experience.

The same might apply to a salesperson suggesting a customer to buy online an in-store out-of-stock item, so the challenge is equally extendable to employee evaluation in situations when it is hard to tell what channel made the purchase occur. On that matter, Pantano and Viassone's findings (2015) show consumers' assessment of the overall quality of services encounters is conducted in a simultaneous fashion, which emphasizes companies to improve channels altogether rather than as stand-alone units (Piotrowicz and Cuthbertson, 2014).

Importantly, as recently revealed by Chatterjee and Archana (2016), it seems omni-channel efforts might not be desirable for every product category. Indeed, their empirical study supports that consumers favor omni-channel companies only for durable *expressive products* (i.e. products that are likely perceived as sensorial and symbolic, like luxury items, as opposed to functional products like light bulbs or batteries). This seems to be in line with Kushwaha and Shankar (2013) findings which insinuate multi-channel consumers are only the most valuable segment when products with hedonic properties are concerned, while one-channel only shoppers usually foster more revenue in all other contexts.

On that matter, omni-channel operations seem to represent more marketing opportunities and are expected to represent lower marginal cost of marketing efforts (Trenz, 2015) since content and costs can be shared across channels. Still, more research is needed since the desirability and results of channel integration are under-investigated issues in channel research (Neslin et al., 2006; Neslin and Shankar, 2009; Trenz, 2015; Zhang et al. 2010) especially in the luxury realm.

### **2.2.3 Omni-channel and Luxury**

We have discussed the need for luxury brands to come to terms with digital channels, despite a previously generalized creed that online access was incompatible with brands built on strict exclusivity principles. As mentioned, it's not about being merely available online with a disconnected experience from what happens elsewhere along the channel mix. Arguably, more than any other industry, luxury tends to rely on a fine balance between heritage or tradition and innovation even though such *status-quo* regarding historic aspects is challenged more and more by new players on the market. Nevertheless, luxury shoppers need for unique and tailored experiences as well as top-quality products seems persistent, even though that perception of quality may

differ from segment to segment. While the best customer experience was mainly conducted in-store in the past, today, a personalized relationship can hardly persevere without digital engagement tools. What's more, the in-store experience shouldn't be simply redesigned to replicate the digital realm and vice-versa but should strive to combine both possibilities creating a holistic experience. Granted, for *click-and-mortar* players, this combination of channels in a bigger-than-the-sum-of-its-parts strategy opens up possibilities for synergies unavailable for pure-play retailers (Steinfeld et al., 2002).

Despite the blatant growth of electronic commerce, sales digits are hardly the only aspect worthy of attention in a digital strategy regarding omni-channel integration in a luxury retail context.

Indeed, with 6 percent of sales conducted online and other 68 percent having had digital influence along the customer journey (McKinsey and Co., 2015), dismissing the importance of interplay between channels would be deceitful. Especially since, besides top quality products, luxury shoppers seek consistent, tailored brand experiences and *perceptual influencers* such as scarcity and social symbolism (Vandergrind, 2016). Such an occurrence warrants brands to develop the best possible customer service and relationships, being able to trace with accuracy who they are trying to engage, something that once was undoubtedly conducted almost entirely in-store (Fubini, 2016). Early as 2009, Okonkwo stressed the multidimensional magnitude of e-business for luxury groups, much further than merely sales, communication and advertisement. The author claimed Internet served purposes of *communications, branding, customer services, design, retailing, consumer analysis, client networks or congregation, marketing, customisation and product development, as well as managing logistics, supply chain and operations*.

That may lead us to think that the key to match current retail expectations (IBM, 2015; Nunes and Cespedes, 2003; McKinsey and Co, 2015; Van Bruggen et al., 2010) is likely to lie in understanding the importance of the increasing number of touchpoints and their preponderance toward both knowing a customer *and* finalizing a purchase for different segments. Indeed, some channels may stand for mere *educational* purposes while others assume a more functional or reassuring intent. On that matter, a study by McKinsey and Co. (2015) suggests an average usage of 9 contact points with a brand before a luxury shopper makes a purchase; those touchpoints comprise in order of most relevant: (1) the city store, (2) word of mouth, (3) online searching, (4) salespeople and (5) brand website.

Luxury retailers, either mono or multi-brand, will need to understand that they are now competing with several other sectors since electronics, media, high-street wear, etc. have been all regarding the need for positive customer experiences. Hence, the reassessment of their point (or group of touchpoints) of differentiation seems mandatory. More informed and discerned consumers, with geography no longer being an obstacle for shopping, will become closer to brands delivering the best experience with seamless, contextual content.

Traditionally, offline retail management implies administering plenty of stock-keeping units, conducting alterations, interacting with vendors and partners, governing logistics, educating sales-teams and the process of delivery to the end user (Zhang et al., 2010). Accordingly, introducing omni-channel integration will further increase the need for accurate management of multiple channels, technology and people, claiming the



articulation of issues such as parity in pricing, product assortment, promotions, product information, return policies, personnel, CRM and logistics in a channel-conscious way.

Even though scientific dialogue has provided interesting studies on how consumers manage their selection and use of channels (Konus, Verhoef and Neslin, 2008), more research is needed regarding segmentation-based multi-channel strategies, where one channel may be exclusive and even grant access to disparate pricing, promotions and products, specifically in the luxury sector where the usual drivers for channel choice (e.g. obtaining discounts) may not apply. Plus, one exclusive channel may also represent access to an exclusive delivery and experience which can be sustained by Hirschman and Holbrook's studies (1982) which presented hedonism as an important factor of shopping. However, it may arguably also jeopardize relationships with customers unable to access those channels.

Indeed, experiences seem to be more prone to positive reinterpretation and foster greater hedonic and social value than products, while directly contributing to the development of the self (Boven, 2003), further, a well-constructed experience will also potentially mitigate low switching costs perception by providing a differentiated luxury delivery.

As Brynjolfsson and Rahman (2013) mention, channel integration will potentially expand the complexity of interactions and assortment both up and downstream, altering relationships with suppliers and vendors since order volumes and levels of customization would be targets for modification.

In this context, it may seem the retail industry is shifting toward a *concierge model* aiming at helping consumers with augmented content rather than actively focus solely on transactions (Brynjolfsson and Rahman, 2013).

With figures proving luxury shoppers are the most digitally connected consumer segment and Generation Y already part of the formula, digital experience is no longer *luxury but necessity* (Timms, 2015).

These changes are also evoked as result of the rise of platforms like Yoox Net-a-Porter or Farfetch whose success reinforces the perception of consumers' comfort with online luxury shopping which luxury retailers may have been doubting for long. Accordingly, research has revealed that cross-channel luxury clients continue to outspend in-store only clients by around fifty percent (Contact Lab and Exane BNP Paribas, 2016).

Indeed, as Kim and Ko (2010) suggest, relying solely on brand name may prove to be insufficient to conduct growth in a luxury environment where the variety of alternatives has become more easily accessible via digital, encouraging cross-shopping and decreasing loyalty rates. While consumers don't have much to lose by browsing a platform online and/or switching e-tailer, retailers themselves can't say the same given the enormous profusion of competitors.

Indeed, both small or large luxury brands have a substantial challenge regarding the fine balance of brand's desirability and accessibility among a class-neutral backdrop like the Internet (Geerts and Veg-Sala, 2011; Ng, 2014; Phan, Thomas and Heine, 2011). While the fulfilment challenge for some retailers is not new given they have been taking orders via catalogs for decades, omni-channel retailing potentially entails an explosive growth in order volumes and complexity of transactions (Ishfaq et al., 2016) hence representing a call for general optimization redesign for luxury players used to a one-way transaction flow. But if it is clear omni is the way to go for luxury, how should that experience be different from non-luxury players?

With a growing necessity for luxury brands to deliver valuable experiences for customers in every touchpoint, behavioral information about luxury consumers' evolving demands will most likely collaborate in developing a more advantageous and tailored marketing strategy concerning that matter.

### 3. Methodological Issues, Question and Survey

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Firstly, stemming from the previous theoretical review, this section focuses on the choice of methodologies employed to gather relevant data regarding the questions and aim of this dissertation. Secondly, a description of research design is revealed directed at how, why, where and when the study was conducted. Afterwards, the main findings are laid out and discussed, followed by implications and future research.

#### 3.1 Question and Hypotheses

The main purpose of this study concerns the existence of differences in how luxury retail consumers may differ from non-luxury retail consumers when it comes to omni-channel practices employment. Following an extensive theoretical framework, the empirical phase comprises an effort towards answering the following question:

**(1) Do luxury shoppers experience omni-channel integration differently from non-luxury shoppers?**

Additionally, and as a means to bolster the research, the survey included groups of questions used on the study of Lazaris et al. (2014) on Omni-channel Intensity (see Appendix), which allowed for a direct comparison between a “generic” consumer and a luxury consumer’s behavior towards channel integration.

Again, it is important to note that relevant research on this topic has been quite scarce. Nevertheless, the same categorical profiles of “omni-channel intensity” were applied according to the degree a consumer may rely on *omnichannel retail capabilities and practices*.

Therefore, hypotheses are derived from those of Lazaris et. al (2014) and developed to encompass purchase intensity between groups.

*H1: Luxury Shoppers’ omnichannel intensity affects the research online - purchase offline behaviour*

*H2: Luxury Shoppers’ omnichannel intensity affects the research offline - purchase online behaviour*

*H3: Luxury Shoppers’ omnichannel intensity affects the purchase intensity*

*H4: Luxury Shoppers’ omnichannel intensity affects the frequency of their internet usage*

#### 3.2. Research Design

Based on Creswell's (2010) three investigation project types, quantitative methodology seemed to be the most suitable approach for this dissertation's objectives. Quantitative research comprises mathematical quantification of objective information prone to statistical transformation.

Like so, the experiment took the form of a well-structured online survey validated not only by its previous use by Lazaris et al. (2014) but also by a pilot to test the validity and relevance for the new questions and adaptations.

As demonstrated by academic literature, an accurate profiling of luxury is a seemingly cumbersome and puzzling — if not impossible — task, hence, responses were gathered online from speciality websites, blogs, vlogs, product and service reviews, social media and forums, from individuals who were familiar with luxury retail environments either digital or physical who had bought *at least* 1 to 3 luxury products on the course of the last two years, in order to safe proof as much as possible these were eligible respondents. Responses were collected from June to August 2017.

**Table 2**

*Questionnaire — available online at [goo.gl/8UKbkh](https://goo.gl/8UKbkh)*

<b>How many luxury personal goods did you buy in the last two years?</b>
<b>From the items you purchased, please check if they were from any of the following brands.</b>
<b>Would you consider yourself a regular luxury consumer?</b>
<b>How you would rate your digital shopping proficiency? (e.g. contact with e-commerce, digital newsletters, social media, websites, apps, product searching, blogs, etc)</b>
<b>How would you rate the importance of finding a superior digital experience in luxury brands or retailers as opposed to non-luxury brands?</b>
<b>In the context of luxury shopping, how would you rate the importance of finding a seamless experience across different channels at the same time? (e.g. using smartphone app and physical store environment simultaneously; consistency regarding prices and promotions, etc.)</b>
<b>How likely are you to abandon or switch luxury retailers if the experience across channels (e.g. store, call-center, website, social media, for example) is not consistent?</b>
<b>How important do you consider to be the following for the purchase of a product from a luxury retailer?</b>
<b>How would you rate your willingness to upload a picture onto the web with/of the purchased luxury items with a clear reference to the brand? (e.g. social media)</b>
<b>Do you agree with the phrase "Every personal luxury goods brand should be online and have its products available for online purchase."?</b>
<b>Have you ever purchased luxury products over the internet?</b>
<b>How would you rate your interest in finding exclusive digital channels for customers with higher purchasing habits?</b>
<b>While luxury shopping, have you ever used your mobile phone to...</b>

Invite your friend or relative while you are in a physical store and ask for advice on buying a product?
Search for presentations and reviews while in a physical store for a product you were interested in?
Compare product prices and information while you are in a physical store to shop elsewhere?
Upload a review of the store you are visiting?
<b>What percentage of your purchases in physical stores were made after you did a price survey or a comparison of products/services over the Internet?</b>
<b>What percentage of your purchases in online stores were made after visiting and researching in physical stores?</b>
<b>While in a physical store, when faced with a query about a product, would you rather consult the sales assistant or resort to your mobile phone?</b>
<b>How many smartphones do you use regularly?</b>
<b>Do you have internet access on your smartphone on a regular basis?</b>
<b>How frequently do you use Internet while you are:</b>
At Home
At a friend's house
Physical Store
At school/work
On the move
<b>How many hours do you usually spend online per day?</b>
<b>Of those, how many account for hours spent browsing and researching on new products, brands, retailers, trends, promotions, etc. in the luxury personal goods realm?</b>
Please select the answer which best describes your level of annual income.
Please select your country of residence.
Please select your age.
Please select your sex.

As shown in table 2, survey questions reflected the main construct of the study of Lazaris et al. (2014) — omnichannel intensity — which is based on the crossing of internet usage at a physical store variable and a series of tasks performed by smartphone while shopping. Furthermore, the questionnaire was reinforced with topics of social media engagement, number of hours dedicated specifically to luxury researching online, interest in *right-channeling* and in finding luxury brands online for consumption, in order to deepen digital proficiency statistics and profiles from these consumers.

The sample comprised 140 valid responses from 36 countries worldwide, made up of 66,2% male and 33,8% female respondents. The dominant country is Portugal with 24,3% of the total number of results, followed by France (11,4%) and United States of America (10,7%).

### 3.3 Findings and Discussion

A descriptive statistics analysis reveals the majority (75,7%) of respondents has purchased luxury items over the internet during the past two years, which individually sets the tone for the expected integration of a digital and physical experience in a luxury environment. However, the belief that every luxury brand should be available for online purchase is quite more divided with 57,2% of respondents agreeing, opposed to 24,3% disagreeing and 18,6% undecided.

The sample also reveals 98,6% of respondents have internet on their smartphones regularly: 44,3% spend more than 5 hours online per day, and, of those, 95% use them to browse and research luxury products, brands, retailers, promotions, etc.

When asked about their digital proficiency — e-commerce, newsletters, social media, blogs, app, product researching — 51,4% claim they are either experienced or very experienced which is corroborated by the fact that 71,5% claim to use it either frequently or on a daily basis while in a **physical-store**, while even a larger sum declares to use it on the move.

Further on, a strong majority (83,4%) admits a consistent, seamless experience across channels is important when luxury shopping, a trend disapproved only by 5,3% that also seems consistent with the fact that 56,3% grant a superior digital experience is important in a luxury context. Similarly, 43,5% reveal their likeliness to abandon or switch retailers if a seamless experience is not to be found.

Interestingly, 85% use internet for comparison and research purposes prior to finalizing the purchase ( 45,8% admit half or more of their offline purchases where made after research and/or comparison of services/products online, a slightly lower percentage comparing to the study of Lazaris et al. (2014)) versus 82,4% who claim to do it also reversely (for 38,5% half or more their total online purchases were made after physical researching, a string of thought in line with the results from Lazaris et al. (2014).

When it comes to channel preference/importance, physical stores seem to triumph followed by a mobile version of the online store (57,2%), active social media pages (55,7%) and call centers (53,6%).

**Table 2**

*Classification of Shoppers according to their Omnichannel Retailing Intensity — after Lazaris et al.(2014)*

Group	Group Criteria	%
Full Omnishoppers	Use mobile Internet access within the store and use it to compare prices <b>and</b> search for product information	65,7%

Partial Omnishoppers	Use mobile Internet access within the store and use it <b>either</b> to compare prices (i.e. for negotiations or for free-riding) or search for product information.	17,1%
In-Store Internet Users and Potential Omnishoppers	Have Internet access within the store but they <b>don't</b> use it for comparing prices <b>nor</b> search for product information.	11,4%
Non-Omnishoppers	Don't use mobile Internet access within the store	5,7%

The table above summarizes and derives from the “omnichannel intensity” of Lazaris et al. (2014)<sup>1</sup> revealing a majority of respondents claiming their usage of mobile phones for price, product or service comparison and information while in-store. A nuanced analysis shows 18,6% using it to either consult prices or search product/service information, 11,4% with internet access who don't use it for any of the tasks and a minority of 4,3% who don't use mobile internet access within the physical store.

The first group, **Full Omni-shoppers**, clearly stands out in terms of online transactions with 82,6% of respondents claiming they have bought luxury online and it's the group with the higher purchase intensity. It is also the group more prone to having more than one smartphone and the youngest with 45,7% of the surveyed spending more than 5 hours daily of which 96,7% claim to use for some kind of (luxury) product/service researching. Ultimately it is the group more likely to have a higher disposable income with 37% earning more than €50.000 annually. Most of these consumers are 21 - 34 years old. It is also the category with 54.3% of respondents asserting that more than half of their physical purchases took place after online researching. In addition, 41,3% claim the reverse direction — digital purchase after physical research — for more than half of their transactions. This is the only group where the physical-after-digital exceeds the number of digital-after-physical purchases and the group with the most respondents claiming to be regular luxury shoppers.

**Partial Omnishoppers** are the last group when it comes to the number of items bought overall and second in online transactions — 65,4% have done it, a number very close to the non Omnishoppers' rate. Although this group has a lower income average — which may explain a smaller number of opportunities and stimulus to become full omni-shoppers —, both groups express interest in exclusive digital channels related to the number of transactions conducted.

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<sup>1</sup> It is worthy of mention the fact that, unlike the study of Lazari et al. (2014), this survey did not contemplate the interest of shoppers to perform these omni-channel tasks while in-store in the future if granted the necessary conditions. Indeed, with a perfect totality of respondents claiming the possession of smartphones and an almost perfect totality (98,2%) claiming a regular mobile internet service, it was accepted that if they did not perform these tasks it was due to the fact that they didn't have interest in them from the start.

The third group, **In-Store Internet Users and Potential Omnishoppers**, has 56.3% of respondents having had purchased luxury items over the internet, although their interest in exclusive digital channels drops to 31,3%. It is the second group with the least number of buys with just 25,1% earning more than €50.000 annually.

Interestingly, **non Omnishoppers** are not as “analogic” as one might initially think, with 62,5% having had online transactions conducted and second with the highest purchase intensity overall. However, they do seem a bit more protective about the meeting of luxury and the digital realm: for instance, they have the highest rate of disagreement with the statement that every luxury brand should have e-commerce platforms and only 12,5% are interested in finding exclusive digital channels. Similarly, they are the group with the lower number of hours spent online. What’s more, they also spend the least amount of time researching products/service online. In effect, 50% of respondents claim more than half of their purchases were made after online researching — and 80% in the opposite direction.

25% earn more than €50.000 annually, which places the group as the second highest disposable income. Just like the third group, 50% of respondents have more than 35 years old.

In order to test the aforementioned research hypotheses, and given the data does not follow a normal distribution, a Kruskal-Wallis non-parametric test was administered for checking behavioral differences between the groups, using IBM SPSS Statistics® and Microsoft Excel® software.

**With a level of significance set at 5%, ultimately, the research hypotheses H1 and H2 were not rejected, H4 was partially rejected, and H3 was rejected.** However, the latter is probably stemming from the smaller samples of the last groups, not being rejected if a variance of 10% was to be provided, which would allow for more elasticity in the results.

Indeed, results reveal asymptotic significances are close to 0,00, except, unsurprisingly, for internet usage at home and at school/work, and for purchase intensity. In other words, there are no significant differences in how frequently these groups use internet while at work or at a home — even though there are differences in the context of a physical store (e.g. basis of the omni-channel intensity construct), at a friend’s house or on the move — and their purchase intensity, however, relevant differences are to be found in how omni-channel intensity impacts online-offline purchases and offline-online purchases.

**Table 3 and Table 4**  
Kruskal-Wallis Test Statistics

<b>Test Statistics <sup>a,b</sup></b>			
	<b>Online after Physical</b>	<b>Physical after Online</b>	<b>Purchase Intensity</b>
Chi-Square	11,495	27,453	6,452
df	3	3	3



<b>Asymp. Sig.</b>	,009	,000	,092
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<b>Test Statistics<sup>a,b</sup></b>				
	<b>Internet School/Work</b>	<b>Internet on the move</b>	<b>Internet Friend's House</b>	<b>Internet Home</b>
Chi-Square	6,423	11,774	10,141	2,964
df	3	3	3	3
<b>Asymp. Sig.</b>	0,093	0,008	0,017	0,397

Interestingly, on this matter, and as mentioned in the descriptive statistics, the bigger differences are not to be found between group 1 and group 4 — which are polarized in terms of omnichannel intensity — but instead between group 1 and group 3, with group 1 being consistently close to group 4, even though the latter is characterized by low usage of smartphones while in-store, which again resonates how the internet usage at home is similar across groups and capable of influencing physical purchases even if a mobile device is not to be employed.

Furthermore, while test analysis reveals no significant differences between groups, when it comes to purchase intensity (i.e. the regularity of purchases), descriptive statistics demonstrate group 1 and group 4 take the first and second place respectively, though, unsurprisingly, group 1 manifests a higher interest in physical purchasing after digital research.

Comparing these findings with the conclusions of Lazaris et al. (2014), it is clear the luxury omnishopper's rate is significantly higher than "generic" consumer's tendencies (23% vs. 65,7%), allowing us to claim luxury consumers seem to experience omni-channel integration differently.

While respondents of Lazaris et al. (2014) prefer call-centers, this study's consumers place online-stores as preferred channel (51,7% vs. 57.2%), right after physical stores, followed by active social media pages (28,4% vs. 55,7%). Likewise, 62,6% have engaged in price comparison through their mobile phones while in store (vs. 39,2%) and 67,1% have used it to search for product presentations and reviews (vs. 32,4%) in order to make a purchase, and nearly half (47,1%) have written a review while in-store. Though some of these differences might be attributed to the passage of time and consumer's growing familiarity with benefits and capabilities of their mobile devices, most rates assume a comfortable margin to state luxury consumers are more prone to digital engagement than their counterparts, an idea consistent with studies from Contact Lab & Exane BNP Paribas (2016), BCG (2016), IBM (2014), McKinsey & Co. (2014, 2016) and Bain and Co. (2014, 2016a, 2016b).

### 3.4 Implications and Future Research

The present study has collaborated in deepening knowledge and thought in luxury omni-channel tendencies by suggesting a profile segmentation in relation to the degree consumers partake in cross-channel tasks while shopping. Furthermore, this research helps understand in what ways these consumers' behavior might differ in the future when it comes to retail either online or offline.

While a solid majority expresses a high omni-channel intensity (65,7%), one can suppose the rest of the groups might engage in the same way if clearer benefits are demonstrated by brands in the future. Additionally, the quick evolution, distribution and diffusion of smartphones might easily represent a faster adoption of these practices by brands and consumers alike (Lazaris et al., 2014). While this study did not profoundly search into the motivations that drive each group into using omni-channel capabilities as they do, it will be interesting to see that investigated in the future and actually consider what new motivations might bring the luxury non-omni-shoppers into that same sphere. For instance, as some groups might engage in it for price comparison or bargain purposes, another might employ it as way of entertainment or social connection.

Though results resonate a match with Contact Lab & Exane BNP Paribas (2016), BCG (2016), IBM (2014), McKinsey & Co. (2014, 2016) and Bain and Co.'s (2014, 2016a, 2016b) reports, it should be stated again that present's study sample was collected online, thus generalization to non-internet users is not recommended. Also, while the task of collecting suitable respondents (i.e. luxury consumers) did not derive from any retailer's database but from speciality websites, retailer reviews, product reviews and luxury forums, results should be taken with caution. Accordingly, it would be interesting to analyze these issues based on a retailer's databased customers constrained by a tighter "luxury consumer profile".

It goes without saying that, since omni-channel represents an emerging, fresh topic, there are various and extensive avenues for future research along the entire shopping journey. For instance, it would be exciting to compare answers of both online and offline respondents toward omni-channel adoption as well as deepen knowledge about their profiling based on the particular stimulus to use omni-channel capabilities according to type of product or service and socio-demographics variables such as geography (e.g. city/nearest city, type of store visited/nearest store) and education and maybe consider the employment of time-specific marketing strategies.

Ultimately, this research sheds light on the fact that, in an age of digital channel crossing, when signs of tangible and intangible attributes for luxury products have to constantly be translated to a multitude of different media, and when cognitive, emotional, behavioral, sensorial and social components (Verhoef et al., 2009) are intimately intertwined with them, we are only starting to grasp the type of demands this will represent to luxury brands.

## 4. Concluding Remarks

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As we have looked into in the beginning, to talk about luxury implies talking about social distinction which for sometime was seen as opposite to a healthy digital distribution of goods and effective communication strategies. That was the paradox that served as foundation for this study: how to embrace mass digital communication with luxury's exclusive attributes and, more, how are consumers dealing with recent changes in retail.

With the rise of electronic commerce and smartphones, we have come to see the consumer has become a central and fundamental player in the retailing experience, especially when it comes to omni-channel practices: consumers expect personalized and relevant content, effective data management and seamless integration regardless of channel choice.

Yet, while the luxury realm remains deeply connected to brands with restricted distribution, communication and production, international socio-economical dynamics seem to have pushed the barriers for it to become more democratic and, in some ways, more digital than its "non-luxury" counterparts.

This is not to say the dilemma is gone and resolved: it still persists, and is likely to linger at the core of these brands in the future. Especially when we realize the two groups with the higher purchase intensity are theoretically polarized: a majority congregating omni-channel consumers — who are tech-savvy, demanding and always connected — and the non-omni-channel consumers — who prefer a more traditional and selective relationship with their luxury retailers, even though they are greatly affected by what goes on online. Like so, the extensiveness of ways users interact with luxury on the web creates a new challenge for profiling them (Okonkwo, 2009) and perhaps for finding a strategy that's fitting for all segments.

It might be safe to state that as new ways of interacting with luxury consumers are revealed and developed across channels, these brands' internal interactions (between units, departments and employees) are likely to have to be revisited as well, which poses a hard time-consuming task (Nunes and Cespedes, 2003).

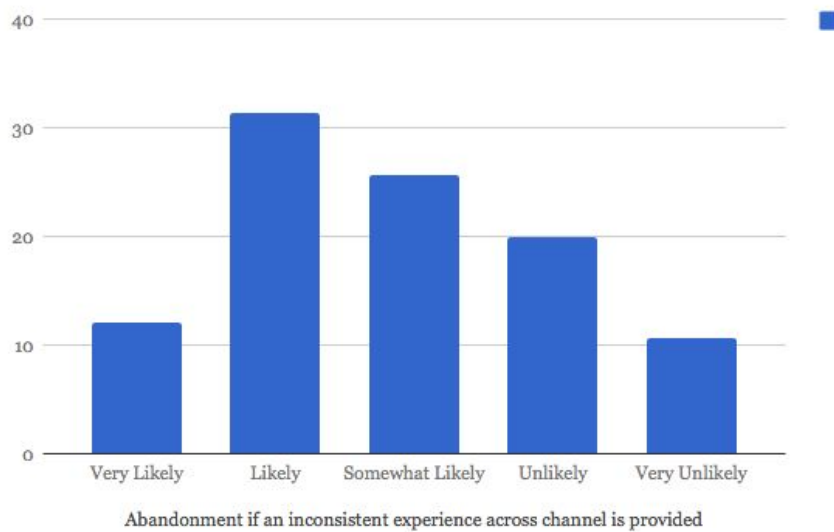
One future hypothesis, is that given luxury seeks to excel in selling rarity, and that rarity is not really there, for instance, in special and exclusive locations, in the online sphere, where masses operate profusely, brands might find that they have to resort to price as the most important dimension and barrier. Another one, for mainly physical players, is that stores might work harder to outshine digital channels by becoming a central hub and offering a rich, personalized and intelligent shopping experience, whereas digital players might venture in creating physical showrooms with the most "digital" benefits they can think of. Either way, brands are likely to have to translate all the "historical" subtle cues held in their identities to sustain their future in either direction as consumers become more and more used to *having their way*.

# Appendix

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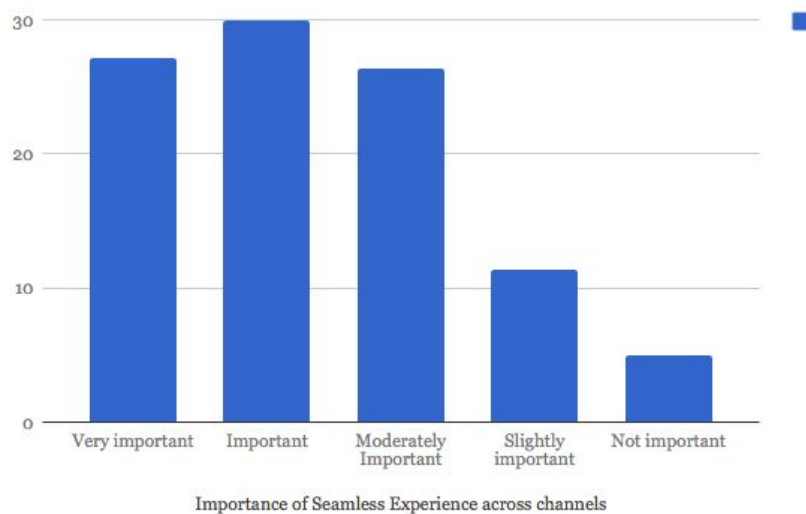
**Chart 1**

*Abandonment of retailer in inconsistent experience across channels is provided rates*



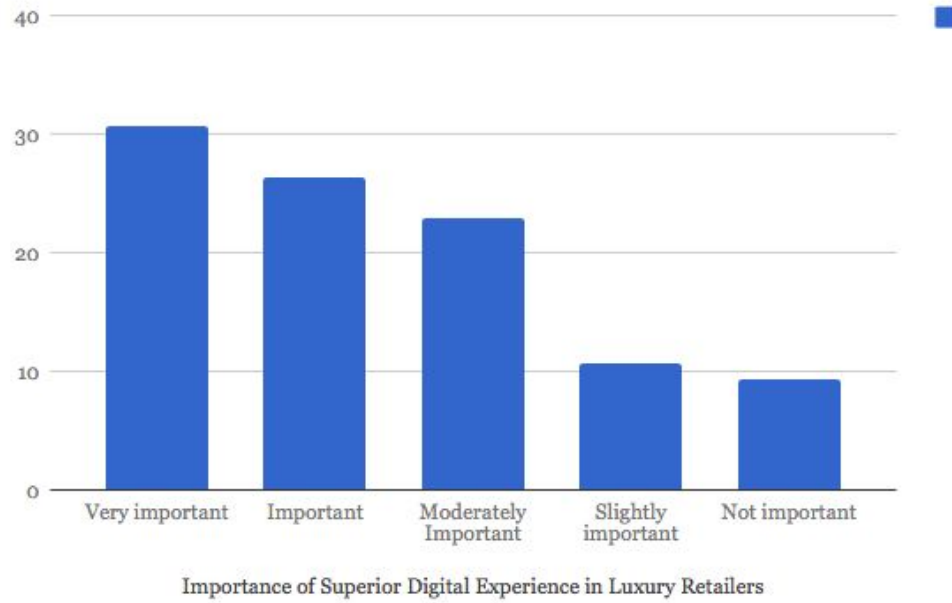
**Chart 2**

*Importance of seamless experience across channels rates*



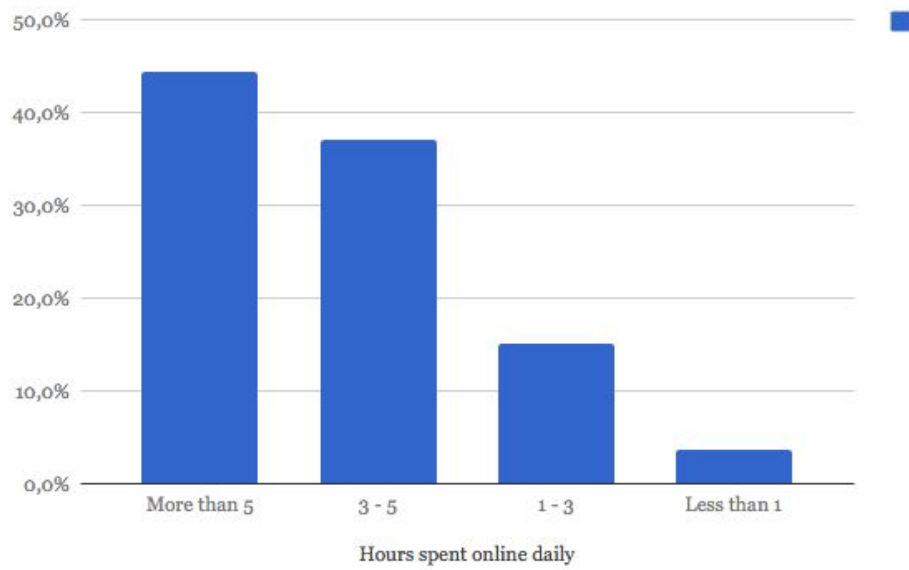
**Chart 3**

*Importance of superior digital experience in luxury retailers rates*



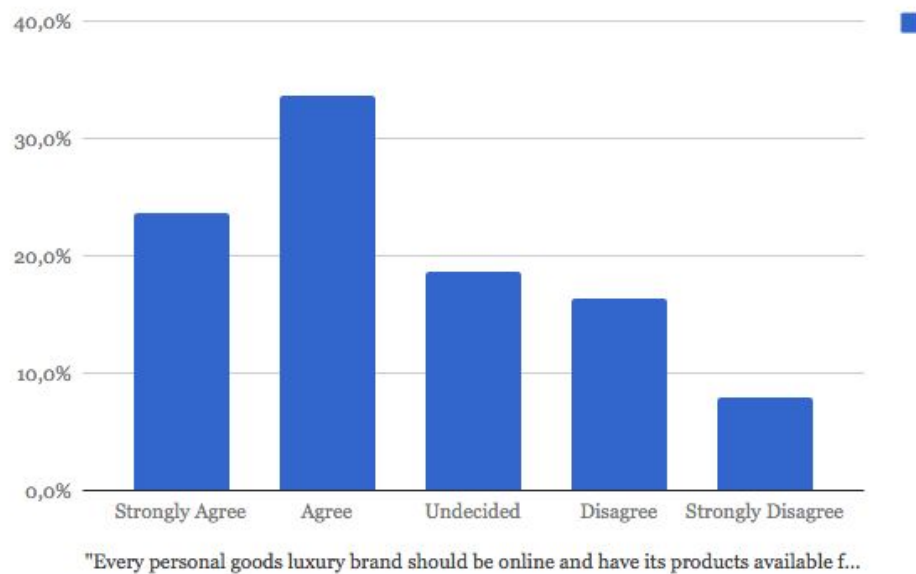
**Chart 4**

*Hours spent online rates*



**Chart 5**

Agreement with "Every personal goods luxury brand should be online and have its products available for online consumption." rates



**Table 6**

Original questionnaire of Lazaris et al.(2014) in greek

Πόσο συχνά έχετε πρόσβαση στο Internet από τα παρακάτω σημεία;
Σπίτι
Εργασία

Σχολείο/ Σχολή
Internet cafe
Φιλικό Σπίτι
Εν κινήσει
Σε φυσικό κατάστημα/ εμπορικό κέντρο
Με ποιον από τους παρακάτω τρόπους έχετε πρόσβαση στο Internet;
Σταθερό Η/Υ
Φορητό Η/Υ
Κινητό Τηλέφωνο
Tablet
Τηλεόραση
Παιχνιδομηχανή
Πόσο χρόνο συνολικά την εβδομάδα ξοδεύετε στο Internet;
Έχετε πραγματοποιήσει ποτε αγορές προϊόντων ή υπηρεσιών μέσω Internet;
Πότε ξεκινήσατε να αγοράζετε on-line;
Τι ποσοστό από τις αγορές σας σε φυσικά καταστήματα πραγματοποιήθηκαν αφού όμως κάνατε έρευνα τιμών, σύγκριση προϊόντων/ υπηρεσιών μέσω του Internet;
Τι ποσοστό από τις αγορές σας σε ηλεκτρονικά καταστήματα πραγματοποιήθηκαν αφού όμως επισκεφτήκατε για το σκοπό αυτό φυσικά καταστήματα;
Πόσο σημαντικά θεωρείτε τα παρακάτω για την απόφαση αγοράς προϊόντος/υπηρεσίας από φυσικό κατάστημα όσον αφορά πάντα τα εναλλακτικά κανάλια επικοινωνίας που προσφέρει:
Έπαρξη ηλεκτρονικού καταστήματος
Έπαρξη ηλεκτρονικών τεχνολογιών υποβοήθησης αγορών μέσα στο φυσικό κατάστημα (π.χ. self checkout, QR codes)
Έπαρξη social media σελίδας του καταστήματος
Έπαρξη mobile έκδοσης του ηλεκτρονικού καταστήματος
Έπαρξη mobile application καταστήματος σε κινητό ή tablet
Έπαρξη τηλεφωνικού κέντρου παραγγελιοληψίας και υποστήριξης
Έπαρξη έντυπου καταλόγου προϊόντων/υπηρεσιών
Έχετε ποτέ χρησιμοποιήσει το κινητό σας...
Για να καλέσετε φίλο ή συγγενή σας ενώ βρίσκεστε σε φυσικό κατάστημα και να του ζητήσετε την συμβουλή του για αγορά προϊόντος

Για να αναζητήσετε παρουσιάσεις και σχόλια προϊόντων, ενώ βρίσκεστε σε φυσικό κατάστημα, προκειμένου να προβείτε σε αγορά;

Για να πραγματοποιήσετε σύγκριση τιμών προϊόντων, ενώ βρίσκεστε σε φυσικό κατάστημα, προκειμένου να διαπραγματευτείτε την τιμή τους ή να ψωνίσετε από αλλού;

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